

WASHINGTON, Thursday, March 8, 2001 — Saying tax relief is a matter of trusting people to spend their money more wisely than the federal government, U.S. Rep. Spencer Bachus (R-AL) today voted for legislation that will reduce tax burdens by \$958 billion over 10 years.

"I trust the people of Alabama to make their own spending decisions. They can spend their own money more wisely than the federal government can," Bachus said.

"It's not the federal government's money. It's your money. You earned it. You deserve to keep more of what you earn and send less of it to Washington, D.C.," Bachus said.

"This is the first down payment on President Bush's pledge to deliver tax relief to the American people. By letting taxpayers keep more of the money they earn, we will have stronger families, stronger communities and a stronger economy."

Highlights of the plan follow:

1) Provides immediate tax relief by reducing the current 15 percent tax rate on the first \$12,000 of taxable income for couples (\$6,000 for singles). A new 12 percent rate would apply retroactively to the beginning of 2001 and also for 2002. The rate would be reduced even further to 10 percent as follows: 11 percent in 2003 through 2005 and 10 percent in 2006.

2) In accordance with President Bush's income tax rate reductions, the plan reduces other income tax rates and consolidates rate brackets. By 2006, the present-law structure of five income tax rates (15 percent, 28 percent, 31 percent, 36 percent and 39.6 percent) would be reduced to four rates of 10 percent, 15 percent, 25 percent and 33 percent.

3) Begins to address the growing problem of the alternative minimum tax by repealing the current-law provisions that offset the refundable child credit and the earned income credit by the amount of the alternative minimum tax. 4) The reduction in the 15 percent bracket alone provides a tax reduction of up to \$360 for couples in 2001 (\$180 for singles), increasing to as

much as \$600 for couples in 2006 (\$300 for singles).